

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

JACK REESE, FRANCES ELAINE PIDDE,
JAMES CICHANOFSKY, ROGER MILLER,
GEORGE NOWLIN and RONALD HITT, on
behalf of themselves and
a similarly situated class,

Hon. Patrick J. Duggan

Case No. 04-70592

Plaintiffs,

v.

Class Action

CNH GLOBAL N.V., formerly
known as Case Corporation,
and CNH AMERICA LLC,

Defendants.

EXHIBIT 1
to

PLAINTIFFS' REPLY BRIEF IN SUPPORT OF
SECOND MOTION FOR ATTORNEY FEES

MEDICARE & YOU 2011

Date: June 24, 2011

CENTERS FOR MEDICARE & MEDICAID SERVICES

Medicare & You



2011

**This is the official U.S. government
Medicare handbook with important
information about the following:**

- ★ What's new
- ★ Medicare costs
- ★ What Medicare covers
- ★ Health and prescription drug plans
- ★ Your Medicare rights
- ★ Signing up to get future handbooks electronically





Medicare Prescription Drug Coverage (Part D)

Medicare offers prescription drug coverage to everyone with Medicare. Even if you don't take a lot of prescriptions now, you should still consider joining a Medicare drug plan. To get Medicare prescription drug coverage, you must join a plan run by an insurance company or other private company approved by Medicare. Each plan can vary in cost and drugs covered. If you decide not to join a Medicare drug plan when you're first eligible, and you don't have other creditable prescription drug coverage, you will likely pay a late enrollment penalty. See pages 78–79.



There are two ways to get Medicare prescription drug coverage:

1. **Medicare Prescription Drug Plans.** These plans (sometimes called “PDPs”) add drug coverage to Original Medicare, some Medicare Cost Plans, some Medicare Private Fee-for-Service (PFFS) Plans, and Medicare Medical Savings Account (MSA) Plans.
2. **Medicare Advantage Plans (like an HMO or PPO) or other Medicare health plans that offer Medicare prescription drug coverage.** You get all of your Part A and Part B coverage, and prescription drug coverage (Part D), through these plans. Medicare Advantage Plans with prescription drug coverage are sometimes called “MA-PDs.”

Both types of plans are called “Medicare drug plans” in this section.

Who Can Get Medicare Drug Coverage?

To join a Medicare Prescription Drug Plan, you must have Medicare Part A **or** Part B. To join a Medicare Advantage Plan, you must have Part A **and** Part B. You must also live in the service area of the Medicare drug plan you want to join.



If you have employer or union coverage, call your benefits administrator before you make any changes, or before you sign up for any other coverage. If you drop your employer or union coverage, you may not be able to get it back. You also may not be able to drop your employer or union **drug** coverage without also dropping your employer or union **health** (doctor and hospital) coverage. If you drop coverage for yourself, you may also have to drop coverage for your spouse and dependants. If you want to know how Medicare prescription drug coverage works with other drug coverage you may have, see pages 82–83.

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Join, Switch, or Drop a Medicare Drug Plan

You can join, switch, or drop a Medicare drug plan at these times:

- When you're first eligible for Medicare (the 7-month period that begins 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65).
- If you get Medicare due to a disability, you can join during the 3 months before to 3 months after your 25th month of disability. You will have another chance to join 3 months before the month you turn 65 to 3 months after the month you turn 65.
- **NEW**—Between October 15–December 7 in 2011. Your coverage will begin on January 1, 2012, as long as the plan gets your enrollment request by December 7.
- Anytime, if you qualify for Extra Help.

In most cases, you must stay enrolled for that calendar year starting the date your coverage begins. However, in certain situations, you may be able to join, switch, or drop Medicare drug plans at other times. Some of these situations include the following:

- If you move out of your plan's service area
- If you lose other creditable prescription drug coverage
- If you live in an institution (like a nursing home)

If you want to join a plan or switch plans, do so as soon as possible so you will have your membership card when your coverage begins, and you can get your prescriptions filled without delay.

Call your State Health Insurance Assistance Program (SHIP) for more information. See pages 123–126 for the telephone number. You can also call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, you may qualify for Extra Help to pay for Medicare prescription drug coverage. You may also be able to get help from your state. See pages 86–91.

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74 | Section 2—Your Medicare Choices **Medicare Prescription Drug Coverage****How Do You Join?**

Once you choose a Medicare drug plan, you may be able to join by completing a paper application, calling the plan, or enrolling on the plan's Web site or on www.medicare.gov. You can also enroll by calling 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. When you join a Medicare drug plan, you will have to provide your Medicare number and the date your Part A and/or Part B coverage started. This information is on your Medicare card. **Note: Medicare drug plans aren't allowed to call you to enroll you in a plan. Call 1-800-MEDICARE to report a plan that does this.**

How Do You Switch?

You can switch to a new Medicare drug plan simply by joining another drug plan during one of the times listed on page 73. **You don't need to cancel your old Medicare drug plan or send them anything.** Your old Medicare drug plan coverage will end when your new drug plan begins. You should get a letter from your new Medicare drug plan telling you when your coverage begins.

If you want to drop your Medicare drug plan and don't want to join a new plan, you can do so during one of the times listed on page 73. You can disenroll by calling 1-800-MEDICARE. You can also send a letter to the plan to tell them you want to disenroll. If you drop your plan and want to join another Medicare drug plan later, you have to wait for an enrollment period. You may have to pay a late enrollment penalty. See pages 78–79.



If your Medicare Advantage Plan includes prescription drug coverage and you join a Medicare Prescription Drug Plan, you will be disenrolled from your Medicare Advantage Plan and returned to Original Medicare.

For more information on joining, dropping, and switching plans, read the fact sheet “Understanding Medicare Enrollment Periods” by visiting <http://go.usa.gov/lsl>. You can also call 1-800-MEDICARE to see if a copy can be mailed to you.



What You Pay

Below and continued on the next page are descriptions of the payments you make throughout the year in a Medicare drug plan. **Your actual drug plan costs will vary** depending on the prescriptions you use, the plan you choose, whether you go to a pharmacy in your plan's network, whether your drugs are on your plan's formulary (drug list), and whether you get Extra Help paying your Part D costs.

Monthly premium

Most drug plans charge a monthly fee that varies by plan. You pay this in addition to the Part B premium. If you belong to a Medicare Advantage Plan (like an HMO or PPO) or a Medicare Cost Plan that includes Medicare prescription drug coverage, the monthly premium you pay to your plan may include an amount for prescription drug coverage.

Note: Contact your drug plan (not Social Security) if you want your premium deducted from your monthly Social Security payment. Your first deduction will usually take 3 months to start, and 3 months of premiums will likely be deducted at once. After that, only one premium will be deducted each month. You may also see a delay in premiums being withheld if you switch plans.

NEW—Your Part D monthly premium could be higher based on your income. This includes Part D coverage you get from a Medicare Prescription Drug Plan, or a Medicare Advantage Plan or Medicare Cost Plan that includes Medicare prescription drug coverage. If your modified adjusted gross income as reported on your IRS tax return from 2 years ago (the most recent tax return information provided to Social Security by the IRS) is above a certain amount, you will pay a higher monthly premium. See page 134 for more information.

Yearly deductible

The amount you must pay before your drug plan begins to pay its share of your covered drugs. Some drug plans don't have a deductible.

Copayments or coinsurance

Amounts you pay at the pharmacy for your covered prescriptions after the deductible (if the plan has one). You pay your share, and your drug plan pays its share for covered drugs.

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76 | Section 2—Your Medicare Choices **Medicare Prescription Drug Coverage****What You Pay (continued)****Coverage gap**

Most Medicare drug plans have a coverage gap (also called the “donut hole”). This means that after you and your drug plan have spent a certain amount of money for covered drugs, you have to pay all costs out-of-pocket for your prescriptions up to a yearly limit. Not everyone will reach the coverage gap. Your yearly deductible, your coinsurance or copayments, and what you pay in the coverage gap all count toward this out-of-pocket limit. The limit doesn’t include the drug plan premium you pay or what you pay for drugs that aren’t covered.

There are plans that offer some coverage during the gap, like for generic drugs. However, plans with gap coverage may charge a higher monthly premium. Check with the drug plan first to see if your drugs would be covered during the gap. For more information, visit <http://go.usa.gov/loF> to view the fact sheet “Bridging the Coverage Gap.” You can also call 1-800-MEDICARE (1-800-633-4227) to see if a copy can be mailed to you. TTY users should call 1-877-486-2048.

NEW—If you reached the coverage gap in **2010**, (and you weren’t already getting Extra Help), you may have received a one-time \$250 rebate check to help you with your drug costs.

If you reach the coverage gap in 2011, you will get a 50% discount on covered brand-name prescription drugs at the time you buy them. There will be additional savings for you in the coverage gap each year through 2020 when you will have full coverage in the gap. Talk to your doctor or other health care provider to make sure that you’re taking the lowest cost drug available that works for you. For more information, visit <http://go.usa.gov/1np> to view the publication, “Closing the Coverage Gap—Medicare Prescription Drugs Are Becoming More Affordable.”

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Catastrophic coverage

Once you reach your plan’s out-of-pocket limit, you automatically get “catastrophic coverage.” Catastrophic coverage assures that once you have spent up to your plan’s out-of-pocket limit for covered drugs, you only pay a small coinsurance amount or copayment for the drug for the rest of the year.

Note: If you get Extra Help paying your drug costs, you won’t have a coverage gap and will pay only a small or no copayment once you reach catastrophic coverage. See pages 86–89.

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What You Pay (continued)

The example below shows costs for covered drugs in 2011 for a plan that has a coverage gap.

Ms. Smith joins the ABC Prescription Drug Plan. Her coverage begins on January 1, 2011. She doesn't get Extra Help and uses her Medicare drug plan membership card when she buys prescriptions.

Monthly Premium—Ms. Smith pays a monthly premium throughout the year.

1. Yearly Deductible

Ms. Smith pays the first \$310 of her drug costs before her plan starts to pay its share.

2. Copayment or Coinsurance (What you pay at the pharmacy)

Ms. Smith pays a copayment, and her plan pays its share for each covered drug until their **combined** amount (plus the deductible) reaches \$2,840.

3. Coverage Gap

Once Ms. Smith and her plan have spent \$2,840 for covered drugs, she is in the coverage gap. In 2011, she gets a 50% discount on covered brand-name prescription drugs that counts as out-of-pocket spending, and helps her get out of the coverage gap.

4. Catastrophic Coverage

Once Ms. Smith has spent \$4,550 out-of-pocket for the year, her coverage gap ends. Now she only pays a small copayment for each drug until the end of the year.



Call the plans you're interested in to get more details.

You can visit www.medicare.gov/find-a-plan, or call

1-800-MEDICARE (1-800-633-4227) to compare the cost of plans in your area. TTY users should call 1-877-486-2048.

For help comparing plan costs, contact your State Health Insurance Assistance Program (SHIP). See pages 123–126 for the telephone number.

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78 | Section 2—Your Medicare Choices **Medicare Prescription Drug Coverage****What is the Part D Late Enrollment Penalty?**

The late enrollment penalty is an amount that is added to your Part D premium. You may owe a late enrollment penalty if one of the following is true:

- You didn't join a Medicare drug plan when you were first eligible for Medicare, and you didn't have other creditable prescription drug coverage.
- You didn't have Medicare prescription drug coverage or other creditable prescription drug coverage for 63 days or more in a row.

Note: If you get Extra Help, you don't pay a late enrollment penalty.

Here are a few ways to avoid paying a penalty:

- **Join a Medicare drug plan when you're first eligible.** You won't have to pay a penalty, even if you've never had prescription drug coverage before.
- **Don't go 63 days or more in a row without a Medicare drug plan or other creditable coverage.** Creditable prescription drug coverage could include drug coverage from a current or former employer or union, TRICARE, Indian Health Service, Department of Veterans Affairs, or health insurance coverage. Your plan will tell you each year if your drug coverage is creditable coverage. This information may be sent to you in a letter or included in a newsletter from the plan. Keep this information, because you may need it if you join a Medicare drug plan later.

- **Tell your plan about any drug coverage you had if they ask about it.** When you join a plan, and they believe you went at least 63 days in a row without other creditable prescription drug coverage, they will send you a letter. The letter will include a form asking about any drug coverage you had. Complete the form. If you don't tell the plan about your creditable coverage, you may have to pay a penalty.

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How Much More Will You Pay?

The cost of the late enrollment penalty depends on how long you didn't have creditable prescription drug coverage. Currently, the late enrollment penalty is calculated by multiplying 1% of the "national base beneficiary premium" (\$32.34 in 2011) times the number of full, uncovered months that you were eligible but didn't join a Medicare drug plan and went without other creditable prescription drug coverage. The final amount is rounded to the nearest \$.10 and added to your monthly premium. Since the "national base beneficiary premium" may increase each year, the penalty amount may also increase every year. You may have to pay this penalty for as long as you have a Medicare drug plan.

Example: Mrs. Jones didn't join when she was first eligible—by May 15, 2007. She joined a Medicare drug plan between November 15—December 31, 2010, for an effective date of January 1, 2011. Since Mrs. Jones didn't join when she was first eligible and went without other creditable drug coverage for 43 months (June 2007–December 2010), she will be charged a monthly penalty of \$13.90 in 2011 ($\$32.34 \times .01 = \$0.3234 \times 43 = \13.90) in addition to her plan's monthly premium.

When you join a Medicare drug plan, the plan will tell you if you owe a penalty, and what your premium will be.

If You Don't Agree With Your Penalty

If you don't agree with your late enrollment penalty, you may be able to ask Medicare for a review or reconsideration. You will need to fill out a reconsideration request form (that your Medicare drug plan will send you), and you will have the chance to provide proof that supports your case such as information about previous prescription drug coverage. If you need help, call your Medicare drug plan.